



BellSouth Telecommunications, Inc.
Suite 2101
333 Commerce Street
Nashville, Tennessee 37201-3300

615 214-6311
Fax 615 214-7406

Patrick W. Turner
Attorney

APR 5 2000
EX-100
SECRETARY

VIA HAND DELIVERY

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37245

Re: *Discount Communications, Inc.*
Docket No. 00-00230

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of BellSouth Telecommunications, Inc.'s Brief in the above-referenced matter. A copy of the enclosed is being provided to counsel of record.

Very truly yours,

Patrick W. Turner

PWT/jem

Enclosure

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In Re: *Discount Communications, Inc.*

Docket No. 00-00230

BRIEF OF BELL SOUTH TELECOMMUNICATIONS, INC.

This proceeding presents three billing issues. Discount Communications, Inc. ("Discount Communications") claims that it is not required to pay directory assistance charges that have appeared on the bills it has received from BellSouth Telecommunications, Inc. ("BellSouth"). It also claims that BellSouth is required to pass along to Discount Communications additional Link-Up and Lifeline credits beyond those that already appear on its bills.¹ BellSouth, however, has billed these charges and applied these credits as required by both the approved Resale Agreement between Discount Communications and BellSouth and the applicable approved BellSouth tariffs. The Tennessee Regulatory Authority ("TRA"), therefore, should find that the charges that appear on the bills Discount

¹ The parties anticipate that the actual amount in dispute will be agreed by stipulation. The parties, however, jointly requested an extension of time from Friday, March 31 to Thursday, April 6, 2000 to file the stipulation required by the Agreed Procedural Order. Last week, representatives of the parties traveled from Memphis and Birmingham and met in person in Nashville in an attempt to stipulate to the amount. The meeting was quite productive and the parties mutually agreed to the methodology by which the amount in dispute will be calculated. The calculation of the actual amounts of certain disputes, however, requires BellSouth to review nearly 1,200 individual accounts to confirm amounts that have already been credited to Discount Communications. This obviously will take some time, thus the parties requested an extension and the request was granted.

Communications has received from BellSouth are valid and that Discount Communications owes these amounts to BellSouth.

The remaining sections of this brief address the following matters:

- I. Section I addresses the provisions of the approved Resale Agreement between Discount Communications and of BellSouth's approved tariffs that relate to Discount Communications' directory assistance, Link-Up, and Lifeline issues;
- II. Section II addresses documents Discount Communications has sent to the TRA Staff setting out its positions on its directory assistance, Link-Up, and Lifeline issues. This section also addresses BellSouth's objections to the fourth issue proposed by Discount Communications; and
- III. Section III explains that Discount Communications' positions on its directory assistance, Link-Up, and Lifeline issues are contradicted by the plain language of both the Resale Agreement it signed with BellSouth and of BellSouth's approved tariffs.

I. THE THREE BILLING ISSUES PRESENTED BY DISCOUNT COMMUNICATIONS ARE GOVERNED BY THE RESALE AGREEMENT BETWEEN THE PARTIES AND BY BELL SOUTH'S TARIFFS.

- A. The approved Resale Agreement between Discount Communications and BellSouth provides that the services Discount Communications resells are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of BellSouth in the appropriate section of BellSouth's Tariffs.

On January 21, 1999, Discount Communications and BellSouth jointly petitioned the TRA for approval of their Resale Agreement. The TRA granted the

petition and approved the agreement on February 16, 1999. A copy of the approved agreement is attached as Exhibit 1.²

The Agreement defines "resale" as "an activity wherein a certificated OLEC, such as Discount Communications, subscribes to the telecommunications services of [BellSouth] and then reoffers those telecommunications services to the public (with or without "adding value")." Agreement §II.G (emphasis added). Discount Communications "may resell the tariffed local exchange and toll telecommunications services of BellSouth contained in the General Subscribers Service Tariff and Private Line Service Tariff subject to the terms, and conditions specifically set forth herein." *Id.*, §III.A (emphasis added). The Agreement further provides that

Resold services can only be used in the same manner as specified in [BellSouth's] Tariff. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of [BellSouth] in the appropriate section of [BellSouth's] Tariffs. Specific Tariff features, e.g. a usage allowance per month, shall not be aggregated across multiple resold services. Resold services cannot be used to aggregate traffic from more than one end user customer except as specified in Section A23. of [BellSouth's] Tariff referring to Shared Tenant Service.

² The original term of the Agreement began March 13, 1998 and continued for two years. The Agreement provides that it "shall be automatically renewed for two additional one year periods unless either party indicates its intent not to renew the Agreement . . . no later than 60 days prior to the end of the then-existing contract period." See Agreement §I.A-B. Neither party notified the other of an intent not to renew the Agreement, thus the Agreement remains in effect and is binding upon the parties.

Id., §IV.B (emphasis added). The Agreement also requires Discount Communications to "order services through resale interfaces, i.e. the LCSC and/or appropriate Resale Account Teams." *Id.*, §III.B.2.³

This approved Resale Agreement remains in force and is binding on the parties. The language of the Resale Agreement plainly and unambiguously states that the applicable tariffs govern the terms and conditions of services Discount Communications purchases for resale. The TRA, therefore, must look to the applicable tariffs to decide Discount Communications' claims, because "[w]hen the language of a contract is plain and unambiguous, it is the court's duty to interpret it and enforce it as written." *Kiella v. McHargue*, 976 S.W.2d 658, 661 (Ct. App. 1998).

³ Additionally, the Resale Agreement provides that Discount Communications is responsible for the payment of all charges, and it "shall make payment to [BellSouth] for all services billed. [BellSouth] is not responsible for payments not received by Discount Communications from Discount Communication's (sic) customer." *Id.*, §VII.C. The charges BellSouth bills to Discount "will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowances." *Id.*, §VII.E. Payments by Discount Communications "will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available funds." *Id.*, VII.F. The Agreement clearly states that "[i]n the event that Discount Communications defaults on its account, service to Discount Communications will be terminated and any security deposits held will be applied to its account." *Id.*, §VI.G.6. Discount Communications is considered in default "[i]f payment of account is not received, or arrangements made, by the bill day in the second consecutive month," and if it is in default, its account "will be subject to denial or disconnection, or both." *Id.*, §VIII.B.3. Discount Communications is "solely responsible for notifying the end user of the proposed disconnection of the service." *Id.*, §VIII.B.5.

B. BellSouth's Directory Assistance, Link-Up, and Lifeline tariffs clearly address the issues presented by Discount Communications.

BellSouth's tariffs clearly address each of the three billing issues presented by Discount Communications. BellSouth's tariffs, in turn, are binding on the parties. As the Court of Appeals has noted,

[t]he published tariffs of a common carrier are binding upon the carrier and its customers and have the effect of law. The provisions of the tariffs should govern the parties.

GBM Communications, Inc. v. United Inter-Mountain Tel. Co., 723 S.W.2d 109, 112 (Tenn. Ct. App. 1986)(emphasis added).

1. Directory Assistance

BellSouth's directory assistance tariff provides that "[n]o charge applies for the first six (6) calls per billing period month requesting listing information for lines located within the state of Tennessee. This call allowance applies per individual subscriber line" BellSouth's Tennessee General Subscriber Services Tariff §A3.13.2.A. Moreover, this call allowance "is not transferable between separate accounts, even for the same customer. A call allowance unused during the monthly billing period will not be credited for application to a Directory Assistance call made in a later billing period." *Id.* The retail rates for all directory assistance calls placed after a subscriber's call allowance is depleted are set forth in section A3.13.3 of BellSouth's tariff.⁴

⁴ The tariff also provides that certain subscribers may qualify for an exemption from any directory assistance charges. A3.13.2.B and A3.13.2.C. BellSouth

BellSouth does not offer a service that blocks an individual subscriber's ability to call directory assistance after that subscriber's monthly call allowance is expended. BellSouth does, however, offer a service that blocks a subscriber's access to both directory assistance and toll calls. *See e.g.*, Tariff, §A13.20.2.H.1. The monthly recurring retail rate for this blocking service to residential subscribers is \$2.00, *Id.*, §A13.20.3, but this blocking service is available to Lifeline subscribers "at no charge to the Lifeline subscriber." *Id.*, §A3.31.2.A.4.

2. Link-Up

BellSouth's Link-Up tariff provides that "[a] federal credit amount of fifty percent (50%) of the non-recurring charges for connection of service, up to a maximum of \$30.00, is available to be passed through to the subscriber." Tariff, §A4.7.1.C. Additionally, "the non-discounted federal credit amount will be passed along to resellers ordering local service at the prescribed resale discount from this Tariff, for their eligible end users. Eligible Telecommunications Carriers, as defined by the FCC, are required to establish their own Link-Up programs." §A4.7.2.A.6.

3. Lifeline

BellSouth's Lifeline tariff provides that

Federal baseline support of \$5.25 is available for each Lifeline service and is passed through to the subscriber. An additional \$3.50 credit is provided by the Company. Supplemental federal support of \$1.75, matching one half of the Company contribution, will also be passed along to the Lifeline subscriber. The total Lifeline credit available to an eligible customer in

passes this exemption along to qualifying end users subscribing to the services Discount Communications resells pursuant to its Resale Agreement with BellSouth.

Tennessee is \$10.50. The amount of credit will not exceed the charge for local service, which includes the access line, Touch-Tone, the Subscriber Line Charge and local usage.

§A3.31.1.C (emphasis added). The tariff then expressly addresses resale situations accordingly:

The non-discounted federal Lifeline credit amount will be passed along to resellers ordering local service at the prescribed resale discount from this Tariff, for their eligible end users. The additional credit to the end user will be the responsibility of the reseller. Eligible Telecommunications Carriers, as defined by the FCC, are required to establish their own Lifeline programs.

§A3.31.2.A.8.

II. DISCOUNT COMMUNICATIONS HAS FILED DOCUMENTS WITH THE TRA STAFF THAT EXPLAIN THE NATURE OF THE THREE BILLING ISSUES PRESENTED IN THIS DOCKET.

On March 31, 2000, Discount filed a "Preliminary Issues List of Discount Communications" with the TRA⁵ which raise three issues regarding bills Discount Communications has received from BellSouth:⁶ the amount of Link-Up credit to which Discount Communications is entitled; the amount of Lifeline credit to which Discount Communications is entitled; and whether Discount Communications is

⁵ BellSouth filed its Response to Preliminary Issues List of Discount Communications and Motion to Strike Proposed Issue No. 4 on April 3, 2000.

⁶ Discount Communications purports to raise a fourth issue in its Issues List: "whether BellSouth has engaged in a pattern of anti-competitive activity toward Discount Communications, as evidenced by the three matters described above and by other incidents of anti-competitive behavior." As discussed below, BellSouth is unaware of any documents presented by Discount Communications which explain the specific nature of this purported issue, and BellSouth has objected to the inclusion of this vague "catchall" provision as an issue to be addressed during the expedited hearing in this docket. See Response to Preliminary Issues List of Discount Communications and Motion to Strike Proposed Issue No. 4.

required to pay directory assistance charges. See Exhibit 2 (Issue No. 1, No. 2, and No. 3 of Purported "Preliminary Issues List of Discount Communications, Inc."). While Discount Communications' Issues List is quite vague with regard to these issues, other documents Discount Communications has presented to the TRA Staff give more detail regarding the specific nature of these issues.

A. Whether BellSouth has properly charged, and may continue to charge, Discount Communications for directory assistance.

As BellSouth understands it, Discount Communications contends that it is not required to pay any of the directory assistance charges BellSouth has billed it. Discount Communications has requested that BellSouth provide it with a service that allows its end users to place up to six calls per month to directory assistance but blocks any subsequent calls to directory assistance, *see* Exhibit 3, but no such service exists. Discount Communications, therefore, apparently contends that BellSouth simply should not bill it for directory assistance calls that its end users place. Discount Communications has subsequently stated to the TRA Staff that "Discount Communications is opting to provide and/or offer assistance to Discount's Customers directory assistance as referenced by the TRA (Tennessee Regulatory Authority) Order in Tennessee; docket no. 90-01331 dated January 17, 1997." See Exhibit 4. To date, however, Discount Communications has not actively pursued this option with BellSouth.

B. Whether BellSouth has properly credited Discount Communications for providing service to Link-Up customers and how BellSouth will provide such credits in the future.

As explained below, BellSouth's Link-Up tariff provides BellSouth's qualifying end users with a one-time credit equal to one-half of BellSouth's tariffed installation charges. Each time Discount Communications serves a qualifying end user, BellSouth passes its tariffed Link-Up credit (one-half of BellSouth's nonrecurring installation charges) along to Discount Communications. BellSouth does not discount this credit by 16%, but instead passes the exact same credit it provides its own Link-Up end users along to Discount Communications.

As BellSouth understands it, however, Discount Communications contends that it is entitled to a Link-Up credit in the amount of one-half of any amount Discount Communications decides to charge its end users for nonrecurring installation charges (up to the tariffed maximum \$30 credit). In its March 2, 2000 letter to the TRA Staff, for instance, Discount Communications states that it "believes that BellSouth is responsible for obtaining from NECA and passing on to Discount Communications the Link-up credits that Discount Communications gives to customers who qualify for the Link-Up Program." See Exhibit 5.

C. Whether BellSouth has properly credited Discount Communications for providing service to Lifeline customers and how BellSouth will provide such credits in the future.

Discount Communications describes its Life-Line complaint as being "for [BellSouth's] failure to pass on Life-line credits to Discount Communications," and it claims that BellSouth is "fail[ing] to abide by the tariff." See Exhibit 6. As

explained below, BellSouth's Lifeline tariff provides a monthly recurring credit of \$10.50 to its qualifying end users. Of this amount, \$7.00 is a federal credit for which BellSouth is reimbursed by NECA, and \$3.50 is a state credit. Discount Communications states that it passes "the entire \$10.50" through to its customers, but "BellSouth is only crediting Discount Communications with \$7.00 in adjustments." Discount notes that it "does not have the authority to be reimbursed through the National Exchange Carrier Association (NECA)," and it claims that "BellSouth is responsible for passing the full \$10.50 credit on to Discount Communications." See Exhibit 7. Discount Communications summarizes its position by stating that "either BellSouth is responsible for all funding passed through or none." See Exhibit 5.

D. Whether BellSouth has engaged in a pattern of anti-competitive activity toward Discount Communications, as evidenced by the three matters described above and by other incidents of anti-competitive behavior.

Discount Communications' inclusion of this vague "catchall" provision in the issues list is inappropriate. Clearly, it was Discount Communications' alleged emergency need for immediate access to the LENS system that led to the expedited schedule established in this docket.⁷ Its access to the LENS system, in turn, had been denied because it had not paid its bills -- not because of alleged anti-competitive activity by BellSouth. In fact, BellSouth is aware of no documents

⁷ See Transcript of March 28, 2000 Conference at 16 ("we have agreed to make those payments in exchange for their turning on the LENS system, which is crucial. We're over a barrel.").

authored by Discount Communications that reference any alleged anti-competitive conduct by BellSouth. Instead, all such documents of which BellSouth is aware refer to the three billing issues addressed above. BellSouth, therefore, cannot comment on this issue in this brief because it simply does not know what "incidents of anti-competitive behavior" are being alleged against it.

Moreover, BellSouth strongly objects to Discount Communications' attempt to dredge vague and unspecified allegations of "other incidents of anti-competitive behavior"⁸ into an expedited hearing to resolve what very plainly are -- and for months have been -- billing disputes.⁹ Discount Communications' inclusion of this fourth "catchall" issue has the effect of evading the purpose of an issues list, which is to inform the TRA and the other parties to the proceeding of the specific matters the party intends to raise during the hearing.¹⁰ It also sets the stage for

⁸ BellSouth adamantly denies Discount Communications' implicit allegation that the billing disputes raised by Discount Communications are evidence of "anti-competitive activity" by BellSouth.

⁹ During the March 28, 2000 hearing, Discount Communications referred solely to billing issues. See Tr. at 19 ("We're going to proceed forward, it's my understanding, on three specific issues: Lifeline, Link-Up, and DA. It is not my understanding that this agency is going to determine other unrelated billing disputes which have to be resolved between the parties."). The Directors, in turn, requested a "stipulation on the amounts relative to the issues that remain outstanding." Tr. at 20. BellSouth stated "a bit of a problem understanding what [Discount Communications] is saying about there may be some other unrelated billing disputes at issue," Tr. at 23, to which the Chairman responded, in part, "[i]t's up to Discount Communications to put the issues on the table." Tr. at 24. Nothing in the transcript even remotely addresses allegations of anticompetitive behavior.

¹⁰ While BellSouth agreed to an expedited schedule to address the billing issues presented in this docket, it certainly did not agree to allow Discount Communications to try unrelated matters without so much as informing BellSouth

possible attempts to introduce anecdotal allegations that have nothing to do with any of the billing issues that led Discount Communications to initiate these proceedings with the TRA. Finally, refusing to inform BellSouth of the specific nature of the issues Discount Communications plans to present in this matter is a thinly-veiled attempt to improperly conduct a "trial by ambush."

III. DISCOUNT COMMUNICATIONS' ARGUMENTS ARE PLAINLY AND SIMPLY CONTRADICTED BY THE LANGUAGE OF THE APPROVED RESALE AGREEMENT AND BELL SOUTH'S APPROVED TARIFFS.

- A. BellSouth's directory assistance tariff plainly states that Discount Communications owes BellSouth the discounted rate for directory assistance each time one of its end users who has expended the call allowance places a call to directory assistance.**

The Resale Agreement provides that "resold services can only be used in the same manner as specified in [BellSouth's] Tariff," and they are "subject to the same terms and conditions as are specified for such services when furnished to an individual end user of [BellSouth] in the appropriate section of [BellSouth's] Tariffs." Agreement, §IV.B (emphasis added). BellSouth's tariffs do not offer a service that blocks calls to directory assistance only after an end user's allowance has been depleted. Discount Communications' request for such a service, therefore, does not negate its duty to pay for directory assistance.¹¹

of what it was disputing. BellSouth agreed to an expedited schedule to finally determine long-standing billing issues -- nothing more and nothing less.

¹¹ BellSouth has a "Bona Fide Request" process for handling requests for new services, and it has informed Discount Communications of this process. To date, however, Discount Communications has not taken advantage of that process to explore whether BellSouth will provide such a service in the future.

BellSouth's tariffs, however, do offer a service that blocks a subscriber's access to toll and directory assistance calls, see Tariff, §A13.20.2.H.1, and this service is available to Discount Communications' Lifeline subscribers free of charge. *Id.*, §A3.31.2.A.4. Moreover, while Discount Communications has stated to the TRA Staff that it "is opting to provide and/or offer directory assistance to Discount's Customers directory assistance (sic) as referenced by the TRA (Tennessee Regulatory Authority) Order in Tennessee; docket no. 90-01331 (sic) dated January 17, 1997," see Exhibit 4, to date Discount Communications has not actively pursued this option with BellSouth, or any other BellSouth representatives. Even if Discount Communications implements this option, however, it only would affect Discount Communications' liability for directory assistance charges on a going-forward basis. Discount Communications clearly would still be liable for all directory assistance charges it incurs until this option is implemented.

Finally, both the Resale Agreement and BellSouth's tariff expressly prohibit Discount Communications from aggregating call allowances among its end users. See Agreement, §VII.E. (The charges BellSouth bills to Discount Communications "will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowances."); Tariff, §A3.13.3 (call allowance "is not transferable between separate accounts, even for the same customer. A call allowance unused during the monthly billing period will not be credited for application to a Directory Assistance call made in a later billing period."). Thus to the extent that Discount Communications may argue that it should be allowed to

aggregate call allowances and spread them across its customer base, *see* Exhibit 8, it is prohibited from doing so.

B. Link-Up

Discount Communications' argument that BellSouth should provide it with a Link-Up credit of 50% of Discount Communications' own non-recurring charges for connection of service is flatly contradicted by the Resale Agreement and BellSouth's tariff. Once again, the Resale Agreement provides that "resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of [BellSouth] in the appropriate section of [BellSouth's] Tariffs." *See* Agreement, §IV.B. A qualifying BellSouth end user receives a federal Link-up credit of 50% of BellSouth's non-recurring charges for connection of service, up to a maximum of \$30.00. §A4.7.1.C. Discount Communications, therefore, is entitled to the same amount of federal credit, and BellSouth provides that amount of federal credit to Discount Communications for each of its qualifying Link-Up end users. A contrary result would incent resellers to adopt artificially high non-recurring charges for connection of service in order to increase the amount of federal credit they receive through BellSouth.

This dispute, however, is moot. Discount Communications has presented an informal complaint addressing this issue to the Federal Communications Commission ("FCC"), and BellSouth and Discount Communications have had discussions with the Staff of the FCC regarding this issue. BellSouth has agreed to treat the amounts associated with Link-Up credits as being in dispute until the

FCC Staff addresses this issue. During that time, BellSouth will not take adverse action against Discount Communications based solely on amounts the Link-Up disputes described in this brief.

C. Lifeline

Discount Communications argues that BellSouth should pass \$10.50 in recurring monthly Lifeline credits along to it because "Discount Communications does not have the authority to be reimbursed through the National Exchange Carrier Association (NECA)." To the extent that BellSouth is able to be reimbursed through NECA (i.e. \$7.00), BellSouth passes the Lifeline credit along to Discount Communications. Like Discount Communications, however, BellSouth has no authority to be reimbursed through NECA (or any other fund) for the \$3.50 additional explicit credit that it provides to its Lifeline subscribers, and BellSouth does not pass the \$3.50 additional credit along to Discount Communications.

More significantly, BellSouth's Lifeline tariff could not more clearly address the argument presented by Discount Communications. The tariff explicitly states that "[f]ederal baseline support of \$5.25 is available for each Lifeline services and is passed through to the subscriber" and that "[s]upplemental federal support of \$1.75, matching one half of the Company contribution, will also be passed along to the Lifeline subscriber." The tariff states that an "additional \$3.50 credit is provided by the Company," and it then expressly states that

The non-discounted federal Lifeline credit amount [\$7.00] will be passed along to resellers ordering local service at the prescribed resale

discount from this Tariff, for their eligible end users. The additional credit to the end user [\$3.50] will be the responsibility of the reseller.

§A3.31.2.A.8. These tariff provisions have the effect of law, *GBM Communications, Inc. v. United Inter-Mountain Tel. Co.*, 723 S.W.2d 109, 112 (Tenn. Ct. App. 1986), and they plainly require Discount Communications to fund any credits above the \$7.00 federal credits on its own.

CONCLUSION

For the reasons stated above, the TRA should not consider the Link-Up disputes in light of BellSouth's agreement to treat this matter as being a dispute pending a resolution with the FCC. The TRA should rule that Discount Communications owes BellSouth all disputed Directory Assistance and Lifeline amounts.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.

By: Patrick Turner

Guy M. Hicks
Patrick W. Turner
333 Commerce Street, Suite 2101
Nashville, Tennessee 37201-3300
(615) 214-6301

203870

CERTIFICATE OF SERVICE

I hereby certify that on April 5, 2000, a copy of the foregoing document was served on the parties of record, via the method indicated:

☒ Hand
☐ Mail
☐ Facsimile
☐ Overnight

Richard Collier, Esquire
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0500

☒ Hand
☐ Mail
☐ Facsimile
☐ Overnight

Henry Walker, Esquire
Boult, Cummings, Conners & Berry
414 Union Avenue, #1600
Post Office Box 198062
Nashville, Tennessee 37219-8062



EXHIBIT 1



BellSouth Telecommunications, Inc.
Suite 2101
333 Commerce Street
Nashville, Tennessee 37201-3300

615 214-8301
Fax 615 214-7406

Guy M. Hicks
General Counsel

REC'D TN
REGULATORY AUTH.

99 JAN 21 PM 3 45
January 20, 1999

OFFICE OF THE
EXECUTIVE SECRETARY

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

99-00032

Re: Approval of the Resale Agreement and Amendment Thereto
Negotiated by BellSouth Telecommunications, Inc. and Discount
Communications pursuant to Sections 251 and 252 of the
Telecommunications Act of 1996.

Dear Mr. Waddell:

Pursuant to Section 252(e) of the Telecommunications Act of 1996, BellSouth Telecommunications, Inc. and Discount Communications are hereby submitting to the Tennessee Regulatory Authority ("TRA") the original and thirteen copies of the attached Petition for Approval of the Resale Agreement dated March 13, 1998, together with the Amendment to the Resale Agreement dated September 3, 1998 (collectively referred to as the "Agreement"). The Amendment to the Agreement corrects the Shared Tenant Service tariff reference by replacing "A23" with "A27". The resale discount is set forth in Exhibit A to the Agreement.

Sincerely yours,

DISCOUNT COMMUNICATIONS

BELLSOUTH TELECOMMUNICATIONS, INC.

BY: _____

Edward Hayes
6647 Steeplechase Circle
Memphis, TN 38141

BY:  _____

Guy M. Hicks
Suite 2101, 333 Commerce Street
Nashville, TN 37219-1823

REC'D TN
REGULATORY AUTH.

BELLSOUTH

BellSouth Telecommunications, Inc.
Suite 2101
333 Commerce Street
Nashville, Tennessee 37201-3300

615 214-8301
Fax 615 214-7406

'99 JAN 21 PM 3 45
January 20, 1999

Guy M. Hicks
General Counsel

OFFICE OF THE
EXECUTIVE SECRETARY

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

99-00032

Re: Approval of the Resale Agreement and Amendment Thereto
Negotiated by BellSouth Telecommunications, Inc. and Discount
Communications pursuant to Sections 251 and 252 of the
Telecommunications Act of 1996.

Dear Mr. Waddell:


Pursuant to Section 252(e) of the Telecommunications Act of 1996, BellSouth Telecommunications, Inc. and Discount Communications are hereby submitting to the Tennessee Regulatory Authority ("TRA") the original and thirteen copies of the attached Petition for Approval of the Resale Agreement dated March 13, 1998, together with the Amendment to the Resale Agreement dated September 3, 1998 (collectively referred to as the "Agreement"). The Amendment to the Agreement corrects the Shared Tenant Service tariff reference by replacing "A23" with "A27". The resale discount is set forth in Exhibit A to the Agreement.

Sincerely yours,


DISCOUNT COMMUNICATIONS

BELLSOUTH TELECOMMUNICATIONS, INC.

BY:


Edward Hayes
6647 Steeplechase Circle
Memphis, TN 38141

BY:


Guy M. Hicks
Suite 2101, 333 Commerce Street
Nashville, TN 37219-1823

#139853

JAN 20 '99 17:40

PAGE.02

BEFORE THE TENNESSEE REGULATORY AUTHORITY REC'D TN
Nashville, Tennessee REGULATORY AUTH.

In re: *Approval of Resale Agreement and Amendment Thereto Negotiated by
BellSouth Telecommunications, Inc. and Discount Communications
Pursuant to Sections 251 and 252 of the Telecommunications Act of 1996*
Docket No. 99-00032

139 JAN 21 PM 3 45
OFFICE OF THE
EXECUTIVE SECRETARY

**PETITION FOR APPROVAL OF RESALE AGREEMENT AND
AMENDMENT THERETO NEGOTIATED BETWEEN BELL SOUTH
TELECOMMUNICATIONS, INC. AND DISCOUNT COMMUNICATIONS
PURSUANT TO THE TELECOMMUNICATIONS ACT OF 1996**

COME NOW, Discount Communications ("Discount") and BellSouth Telecommunications, Inc., ("BellSouth"), and file this request for approval of the Resale Agreement dated March 13, 1998, together with the Amendment to the Resale Agreement dated September 3, 1998 (sometimes collectively referred to as the "Agreement") negotiated between the two companies pursuant to Sections 251 and 252 of the Telecommunications Act of 1996, (the "Act"). In support of their request, Discount and BellSouth state the following:

1. Discount and BellSouth have successfully negotiated an Agreement providing for the resale of BellSouth's telecommunications services to Discount. The parties have also recently negotiated an amendment to the Resale Agreement. The Amendment corrects the Shared Tenant Service tariff reference by replacing "A23" with "A27". A copy of the Agreement and Amendment are attached hereto and incorporated herein by reference.

2. Pursuant to Section 252(e) of the Telecommunications Act of 1996,

Discount and BellSouth are submitting their Agreement to the TRA for its consideration and approval.

3. In accordance with Section 252(e) of the Act, the TRA is charged with approving or rejecting the negotiated Agreement between Discount and BellSouth within 90 days of its submission. The Act provides that the TRA may only reject such an agreement if it finds that the agreement or any portion of the agreement discriminates against a telecommunications carrier not a party to the agreement or the implementation of the agreement or any portion of the agreement is not consistent with the public interest, convenience and necessity.

4. Discount and BellSouth aver that the Agreement is consistent with the standards for approval. The approval of said Agreement provides for new competitors in the local exchange market, which will likely bring new services, lower prices and other benefits to the public.

5. Pursuant to Section 252(i) of the Act, BellSouth shall make the Agreement available upon the same terms and conditions contained therein.

Discount and BellSouth respectfully request that the TRA approve the Agreement, including the Amendment, negotiated between the parties.

This 20 day of January, 1999.

Respectfully submitted,

DISCOUNT COMMUNICATIONS

BELLSOUTH TELECOMMUNICATIONS, INC.

By: Edward Hayes
Edward Hayes
6647 Steeplechase Circle
Memphis, TN 38141
615/254-3060

By: _____
Guy M. Hicks
333 Commerce Street
Suite 2101
Nashville, TN 37201-3300

Discount and BellSouth are submitting their Agreement to the TRA for its consideration and approval.

3. In accordance with Section 252(e) of the Act, the TRA is charged with approving or rejecting the negotiated Agreement between Discount and BellSouth within 90 days of its submission. The Act provides that the TRA may only reject such an agreement if it finds that the agreement or any portion of the agreement discriminates against a telecommunications carrier not a party to the agreement or the implementation of the agreement or any portion of the agreement is not consistent with the public interest, convenience and necessity.

4. Discount and BellSouth aver that the Agreement is consistent with the standards for approval. The approval of said Agreement provides for new competitors in the local exchange market, which will likely bring new services, lower prices and other benefits to the public.

5. Pursuant to Section 252(i) of the Act, BellSouth shall make the Agreement available upon the same terms and conditions contained therein.

Discount and BellSouth respectfully request that the TRA approve the Agreement, including the Amendment, negotiated between the parties.

This _____ day of January, 1999.

Respectfully submitted,

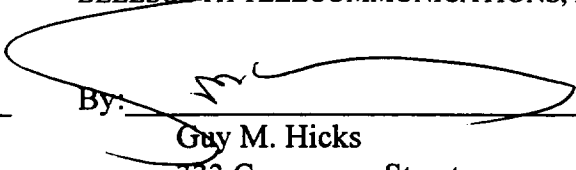
DISCOUNT COMMUNICATIONS

BELLSOUTH TELECOMMUNICATIONS, INC.

By: _____

Edward Hayes
6647 Steeplechase Circle
Memphis, TN 38141
615/254-3060

By: _____


Guy M. Hicks
333 Commerce Street
Suite 2101
Nashville, TN 37201-3300

AMENDMENT TO
RESALE AGREEMENT BETWEEN
BELLSOUTH TELECOMMUNICATIONS, INC.
AND DISCOUNT COMMUNICATIONS
DATED MARCH 13, 1998

Pursuant to this Agreement (the "Amendment"), BellSouth Telecommunications, Inc. ("BellSouth") and Discount Communications ("Discount Communications") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Resale Agreement between the Parties dated March 13, 1998 ("Resale Agreement").

NOW THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby covenant and agree as follows:

1. Section IV. 3 of the Resale Agreement is hereby amended to included the appropriate Shared Tenant Service tariff reference, A27, for the states of Alabama, Kentucky, Louisiana, Mississippi and Tennessee.

2. All of the other provisions of the Resale Agreement, dated March 13, 1998 shall remain in full force and effect.

3. The Parties further agree that either or both of the Parties is authorized to submit this Amendment to the appropriate Commission or other regulatory body having jurisdiction over the subject matter of this Amendment, for approval subject to Section 252(e) of the federal Telecommunications Act of 1996.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

BELLSOUTH TELECOMMUNICATIONS,
INC.

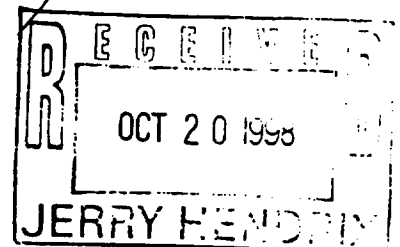
By: 

DATE: 8/6/98

DISCOUNT COMMUNICATIONS

By: 

DATE: 9/3/98



**Agreement Between BellSouth Telecommunications, Inc. and Discount Communications
Regarding The Sale of BellSouth Telecommunications Services to Discount Communications For
The Purposes of Resale**

THIS AGREEMENT is by and between **BellSouth Telecommunications, Inc.**, ("BellSouth or Company"), a Georgia corporation, and **Discount Communications ("Reseller")**, and shall be deemed effective as of March 13, 1998.

WITNESSETH

WHEREAS, BellSouth is a local exchange telecommunications company authorized to provide telecommunications services in the states of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee; and

WHEREAS, Discount Communications is or seeks to become an alternative local exchange telecommunications company authorized to provide telecommunications services in the state of Tennessee; and

WHEREAS, Discount Communications desires to resell BellSouth's telecommunications services; and

WHEREAS, BellSouth has agreed to provide such services to Discount Communications for resale purposes and pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the mutual premises and promises contained herein, BellSouth and Discount Communications do hereby agree as follows:

I. Term of the Agreement

- A. The term of this Agreement shall be two years beginning March 13, 1998 and shall apply to all of BellSouth's serving territory as of January 1, 1997 in the state of Tennessee;
- B. This Agreement shall be automatically renewed for two additional one year periods unless either party indicates its intent not to renew the Agreement. Notice of such intent must be provided, in writing, to the other party no later than 60 days prior to the end of the then-existing contract period. The terms of this Agreement shall remain in effect after the term of the existing agreement has expired and while a new agreement is being negotiated.
- C. The rates pursuant by which Discount Communications is to purchase services from BellSouth for resale shall be at a discount rate off of the retail rate for the telecommunications service. The discount rates shall be as set forth in Exhibit A, attached hereto and incorporated herein by this reference. Such discount shall reflect the costs avoided by BellSouth when selling a service for wholesale purposes.

II. Definition of Terms

- A. **CUSTOMER OF RECORD** means the entity responsible for placing application for service; requesting additions, rearrangements, maintenance or discontinuance of service; payment in full of charges incurred such as non-recurring, monthly recurring, toll, directory assistance, etc.
- B. **DEPOSIT** means assurance provided by a customer in the form of cash, surety bond or bank letter of credit to be held by the Com

- C. **END USER** means the ultimate user of the telecommunications services.
- D. **END USER CUSTOMER LOCATION** means the physical location of the premises where an end user makes use of the telecommunications services.
- E. **NEW SERVICES** means functions, features or capabilities that are not currently offered by BellSouth. This includes packaging of existing services or combining a new function, feature or capability with an existing service.
- F. **OTHER LOCAL EXCHANGE COMPANY (OLEC)** means a telephone company certificated by the public service commissions of the Company's franchised area to provide local exchange service within the Company's franchised area.
- G. **RESALE** means an activity wherein a certificated OLEC, such as Discount Communications subscribes to the telecommunications services of the Company and then reoffers those telecommunications services to the public (with or without "adding value").
- H. **RESALE SERVICE AREA** means the area, as defined in a public service commission approved certificate of operation, within which an OLEC, such as Discount Communications, may offer resold local exchange telecommunications service.

III. General Provisions

- A. Discount Communications may resell the tariffed local exchange and toll telecommunications services of BellSouth contained in the General Subscriber Service Tariff and Private Line Service Tariff subject to the terms, and conditions specifically set forth herein. Notwithstanding the foregoing, the exclusions and limitations on services available for resale will be as set forth in Exhibit B, attached hereto and incorporated herein by this reference.

BellSouth shall make available telecommunications services for resale at the rates set forth in Exhibit A to this agreement and subject to the exclusions and limitations set forth in Exhibit B to this agreement. It does not however waive its rights to appeal or otherwise challenge any decision regarding resale that resulted in the discount rates contained in Exhibit A or the exclusions and limitations contained in Exhibit B. BellSouth reserves the right to pursue any and all legal and/or equitable remedies, including appeals of any decisions. If such appeals or challenges result in changes in the discount rates or exclusions and limitations, the parties agree that appropriate modifications to this Agreement will be made promptly to make its terms consistent with the outcome of the appeal.

- B. Discount Communications may purchase resale services from BellSouth for their own use in operating their business. The resale discount will apply to those services under the following conditions:
 - 1. Discount Communications must resell services to other end users.
 - 2. Discount Communications must order services through resale interfaces, i. e., the LCSC and/or appropriate Resale Account Teams.
 - 3. Discount Communications cannot be an alternative local exchange telecommunications company for the single purpose of selling to themselves.
- C. The provision of services by the Company to Discount Communications does not constitute a joint undertaking for the furnishing of any service.

- D. Discount Communications will be the customer of record for all services purchased from BellSouth. Except as specified herein, the Company will take orders from, bill and expect payment from Discount Communications for all services.
- E. Discount Communications will be the Company's single point of contact for all services purchased pursuant to this Agreement. The Company shall have no contact with the end user except to the extent provided for herein.
- F. The Company will continue to bill the end user for any services that the end user specifies it wishes to receive directly from the Company.
- G. The Company maintains the right to serve directly any end user within the service area of Discount Communications. The Company will continue to directly market its own telecommunications products and services and in doing so may establish independent relationships with end users of Discount Communications.
- H. Neither Party shall interfere with the right of any person or entity to obtain service directly from the other Party.
- I. Current telephone numbers may normally be retained by the end user. However, telephone numbers are the property of the Company and are assigned to the service furnished. Discount Communications has no property right to the telephone number or any other call number designation associated with services furnished by the Company, and no right to the continuance of service through any particular central office. The Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, whenever the Company deems it necessary to do so in the conduct of its business.
- J. The Company may provide any service or facility for which a charge is not established herein, as long as it is offered on the same terms to Discount Communications.
- K. Service is furnished subject to the condition that it will not be used for any unlawful purpose.
- L. Service will be discontinued if any law enforcement agency advises that the service being used is in violation of the law.
- M. The Company can refuse service when it has grounds to believe that service will be used in violation of the law.
- N. The Company accepts no responsibility to any person for any unlawful act committed by Discount Communications or its end users as part of providing service to Discount Communications for purposes of resale or otherwise.
- O. The Company will cooperate fully with law enforcement agencies with subpoenas and court orders for assistance with the Company's customers. Law enforcement agency subpoenas and court orders regarding end users of Discount Communications will be directed to Discount Communications. The Company will bill Discount Communications for implementing any requests by law enforcement agencies regarding Discount Communications end users.
- P. The characteristics and methods of operation of any circuits, facilities or equipment provided by any person or entity other than the Company shall not:
 - 1. Interfere with or impair service over any facilities of the Company, its affiliates, or its connecting and concurring carriers involved in its service;

2. Cause damage to their plant;
 3. Impair the privacy of any communications; or
 4. Create hazards to any employees or the public.
- Q.** Discount Communications assumes the responsibility of notifying the Company regarding less than standard operations with respect to services provided by Discount Communications.
- R.** Facilities and/or equipment utilized by BellSouth to provide service to Discount Communications remain the property of BellSouth.
- S.** White page directory listings will be provided in accordance with regulations set forth in Section A6 of the General Subscriber Service Tariff and will be available for resale.
- T.** BellSouth will provide customer record information to Discount Communications provided Discount Communications has the appropriate Letter(s) of Authorization. BellSouth may provide customer record information via one of the following methods: US mail, fax, or by electronic interface. BellSouth will provide customer record information via US mail or fax on an interim basis only.
1. Discount Communications agrees to compensate BellSouth for all BellSouth incurred expenditures associated with providing such information to Discount Communications. Discount Communications will adopt and adhere to the BellSouth guidelines associated with each method of providing customer record information.
 2. All costs incurred by BellSouth to develop and implement operational interfaces shall be recovered from Discount Communications who utilize the services.
- U.** BellSouth will provide certain selected messaging services to Discount Communications for resale messaging service without the wholesale discount.
- V.** BellSouth's Inside Wire Maintenance Plans may be made available for resale at rates, terms and conditions as set forth by BellSouth and without the wholesale discount.
- W.** All costs incurred by BellSouth for providing services to Discount Communications that are not covered in the BellSouth tariffs shall be recovered from the Discount Communications(s) who utilize those services.

IV. BellSouth's Provision of Services to Discount Communications

- A.** Discount Communications agrees that its resale of BellSouth services shall be as follows:
1. The resale of telecommunications services shall be limited to users and uses conforming to the class of service restrictions.
 2. To the extent Discount Communications is a telecommunications carrier that serves greater than 5 percent of the Nation's presubscribed access lines, Discount Communications shall not jointly market its interLATA services with the telecommunications services purchased from BellSouth pursuant to this Agreement in any of the states covered under this Agreement. For the purposes of this subsection, to jointly market means any advertisement, marketing effort or billing in which the telecommunications services purchased from BellSouth for purposes of resale to customers and interLATA services offered by Discount Communications are packaged, tied, bundled,

discounted or offered together in any way to the end user. Such efforts include, but are not limited to, sales referrals, resale arrangements, sales agencies or billing agreements. This subsection shall be void and of no effect for a particular state covered under this Agreement as of February 8, 1999 or on the date BellSouth is authorized to offer interLATA services in that state, whichever is earlier.

3. Hotel and Hospital PBX service are the only telecommunications services available for resale to Hotel/Motel and Hospital end users, respectively. Similarly, Access Line Service for Customer Provided Coin Telephones is the only local service available for resale to Independent Payphone Provider (IPP) customers. Shared Tenant Service customers can only be sold those telecommunications services available in the Company's A23 Shared Tenant Service Tariff.
 4. Discount Communications is prohibited from furnishing both flat and measured rate service on the same business premises to the same subscribers (end users) as stated in A2 of the Company's Tariff except for backup service as indicated in the applicable state tariff Section A3.
 5. If telephone service is established and it is subsequently determined that the class of service restriction has been violated, Discount Communications will be notified and billing for that service will be immediately changed to the appropriate class of service. Service charges for changes between class of service, back billing, and interest as described in this subsection shall apply at the Company's sole discretion. Interest at a rate as set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff for the applicable state, compounded daily for the number of days from the back billing date to and including the date that Discount Communications actually makes the payment to the Company may be assessed.
 6. The Company reserves the right to periodically audit services purchased by Discount Communications to establish authenticity of use. Such audit shall not occur more than once in a calendar year. Discount Communications shall make any and all records and data available to the Company or the Company's auditors on a reasonable basis. The Company shall bear the cost of said audit.
- B. Resold services can only be used in the same manner as specified in the Company's Tariff. Resold services are subject to the same terms and conditions as are specified for such services when furnished to an individual end user of the Company in the appropriate section of the Company's Tariffs. Specific tariff features, e.g. a usage allowance per month, shall not be aggregated across multiple resold services. Resold services cannot be used to aggregate traffic from more than one end user customer except as specified in Section A23. of the Company's Tariff referring to Shared Tenant Service.
- C. Discount Communications may resell services only within the specific resale service area as defined in its certificate.
- D. Telephone numbers transmitted via any resold service feature are intended solely for the use of the end user of the feature. Resale of this information is prohibited.
- E. No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement. Discount Communications is strictly prohibited from any use, including but not limited to sales, marketing or advertising, of any BellSouth name or trademark.

V. Maintenance of Services

- A. Discount Communications will adopt and adhere to the standards contained in the applicable BellSouth Work Center Interface Agreement regarding maintenance and installation of service.

- B. Services resold under the Company's Tariffs and facilities and equipment provided by the Company shall be maintained by the Company.
- C. Discount Communications or its end users may not rearrange, move, disconnect, remove or attempt to repair any facilities owned by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.
- D. Discount Communications accepts responsibility to notify the Company of situations that arise that may result in a service problem.
- E. Discount Communications will be the Company's single point of contact for all repair calls on behalf of Discount Communications's end users. The parties agree to provide one another with toll-free contact numbers for such purposes.
- F. Discount Communications will contact the appropriate repair centers in accordance with procedures established by the Company.
- G. For all repair requests, Discount Communications accepts responsibility for adhering to the Company's prescreening guidelines prior to referring the trouble to the Company.
- H. The Company will bill Discount Communications for handling troubles that are found not to be in the Company's network pursuant to its standard time and material charges. The standard time and material charges will be no more than what BellSouth charges to its retail customers for the same services.
- I. The Company reserves the right to contact Discount Communications's customers, if deemed necessary, for maintenance purposes.

VI. Establishment of Service

- A. After receiving certification as a local exchange company from the appropriate regulatory agency, Discount Communications will provide the appropriate Company service center the necessary documentation to enable the Company to establish a master account for Discount Communications. Such documentation shall include the Application for Master Account, proof of authority to provide telecommunications services, an Operating Company Number ("OCN") assigned by the National Exchange Carriers Association ("NECA") and a tax exemption certificate, if applicable. When necessary deposit requirements are met, the Company will begin taking orders for the resale of service.
- B. Service orders will be in a standard format designated by the Company.
- C. When notification is received from Discount Communications that a current customer of the Company will subscribe to Discount Communications's service, standard service order intervals for the appropriate class of service will apply.
- D. The Company will not require end user confirmation prior to establishing service for Discount Communications's end user customer. Discount Communications must, however, be able to demonstrate end user authorization upon request.
- E. Discount Communications will be the single point of contact with the Company for all subsequent ordering activity resulting in additions or changes to resold services except that the Company will accept a request directly from the end user for conversion of the end user's service from Discount Communications to the Company or will accept a request from another OLEC for conversion of the end

user's service from Discount Communications to the other LEC. The Company will notify Discount Communications that such a request has been processed.

- F. If the Company determines that an unauthorized change in local service to Discount Communications has occurred, the Company will reestablish service with the appropriate local service provider and will assess Discount Communications as the OLEC initiating the unauthorized change, the unauthorized change charge described in F.C.C. Tariff No. 1, Section 13. Appropriate nonrecurring charges, as set forth in Section A4. of the General Subscriber Service Tariff, will also be assessed to Discount Communications. These charges can be adjusted if Discount Communications provides satisfactory proof of authorization.
- G. In order to safeguard its interest, the Company reserves the right to secure the account with a suitable form of security deposit, unless satisfactory credit has already been established.
 - 1. Such security deposit shall take the form of an irrevocable Letter of Credit or other forms of security acceptable to the Company. Any such security deposit may be held during the continuance of the service as security for the payment of any and all amounts accruing for the service.
 - 2. If a security deposit is required, such security deposit shall be made prior to the inauguration of service.
 - 3. Such security deposit may not exceed two months' estimated billing.
 - 4. The fact that a security deposit has been made in no way relieves Discount Communications from complying with the Company's regulations as to advance payments and the prompt payment of bills on presentation nor does it constitute a waiver or modification of the regular practices of the Company providing for the discontinuance of service for non-payment of any sums due the Company.
 - 5. The Company reserves the right to increase the security deposit requirements when, in its sole judgment, circumstances so warrant and/or gross monthly billing has increased beyond the level initially used to determine the security deposit.
 - 6. In the event that Discount Communications defaults on its account, service to Discount Communications will be terminated and any security deposits held will be applied to its account.
 - 7. In the case of a cash deposit, interest at a rate as set forth in the appropriate BellSouth tariff shall be paid to Discount Communications during the continuance of the security deposit. Interest on a security deposit shall accrue annually and, if requested, shall be annually credited to Discount Communications by the accrual date.

VII. Payment And Billing Arrangements

- A. When the initial service is ordered by Discount Communications, the Company will establish an accounts receivable master account for Discount Communications.
- B. The Company shall bill Discount Communications on a current basis all applicable charges and credits.
- C. Payment of all charges will be the responsibility of Discount Communications. Discount Communications shall make payment to the Company for all services billed. The Company is not responsible for payments not received by Discount Communications from Discount Communications's

customer. The Company will not become involved in billing disputes that may arise between Discount Communications and its customer. Payments made to the Company as payment on account will be credited to an accounts receivable master account and not to an end user's account.

- D. The Company will render bills each month on established bill days for each of Discount Communications's accounts.
- E. The Company will bill Discount Communications, in advance, charges for all services to be provided during the ensuing billing period except charges associated with service usage, which charges will be billed in arrears. Charges will be calculated on an individual end user account level, including, if applicable, any charges for usage or usage allowances. BellSouth will also bill all charges, including but not limited to 911 and E911 charges, telecommunications relay charges, and franchise fees, to Discount Communications.
- F. The payment will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available funds. Payment is considered to have been made when received by the Company.
 - 1. If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If payment is not received by the payment due date, a late payment penalty, as set forth in I. following, shall apply.
- G. Upon proof of tax exempt certification from Discount Communications, the total amount billed to Discount Communications will not include any taxes due from the end user. Discount Communications will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the end user.
- H. As the customer of record, Discount Communications will be responsible for, and remit to the Company, all charges applicable to its resold services for emergency services (E911 and 911) and Telecommunications Relay Service (TRS) as well as any other charges of a similar nature.
- I. If any portion of the payment is received by the Company after the payment due date as set forth preceding, or if any portion of the payment is received by the Company in funds that are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be as set forth in Section A2 of the General Subscriber Service Tariff and Section B2 of the Private Line Service Tariff.
- J. Any switched access charges associated with interexchange carrier access to the resold local exchange lines will be billed by, and due to, the Company. No additional charges are to be assessed to Discount Communications.
- K. The Company will not perform billing and collection services for Discount Communications as a result of the execution of this Agreement. All requests for billing services should be referred to the appropriate entity or operational group within the Company.
- L. Pursuant to 47 CFR Section 51.617, the Company will bill Discount Communications end user common line charges identical to the end user common line charges the Company bills its end users.

- M. In general, the Company will not become involved in disputes between Discount Communications and Discount Communications's end user customers over resold services. If a dispute does arise that cannot be settled without the involvement of the Company, Discount Communications shall contact the designated Service Center for resolution. The Company will make every effort to assist in the resolution of the dispute and will work with Discount Communications to resolve the matter in as timely a manner as possible. Discount Communications may be required to submit documentation to substantiate the claim.

VIII. Discontinuance of Service

A. The procedures for discontinuing service to an end user are as follows:

1. Where possible, the Company will deny service to Discount Communications's end user on behalf of, and at the request of, Discount Communications. Upon restoration of the end user's service, restoral charges will apply and will be the responsibility of Discount Communications.
2. At the request of Discount Communications, the Company will disconnect a Discount Communications end user customer.
3. All requests by Discount Communications for denial or disconnection of an end user for nonpayment must be in writing.
4. Discount Communications will be made solely responsible for notifying the end user of the proposed disconnection of the service.
5. The Company will continue to process calls made to the Annoyance Call Center and will advise Discount Communications when it is determined that annoyance calls are originated from one of their end user's locations. The Company shall be indemnified, defended and held harmless by Discount Communications and/or the end user against any claim, loss or damage arising from providing this information to Discount Communications. It is the responsibility of Discount Communications to take the corrective action necessary with its customers who make annoying calls. Failure to do so will result in the Company's disconnecting the end user's service.

B. The procedures for discontinuing service to Discount Communications are as follows:

1. The Company reserves the right to suspend or terminate service for nonpayment or in the event of prohibited, unlawful or improper use of the facilities or service, abuse of the facilities, or any other violation or noncompliance by Discount Communications of the rules and regulations of the Company's Tariffs.
2. If payment of account is not received by the bill day in the month after the original bill day, the Company may provide written notice to Discount Communications, that additional applications for service will be refused and that any pending orders for service will not be completed if payment is not received by the fifteenth day following the date of the notice. If the Company does not refuse additional applications for service on the date specified in the notice, and Discount Communications's noncompliance continues, nothing contained herein shall preclude the Company's right to refuse additional applications for service without further notice.
3. If payment of account is not received, or arrangements made, by the bill day in the second consecutive month, the account will be considered in default and will be subject to denial or disconnection, or both.
4. If Discount Communications fails to comply with the provisions of this Agreement, including any payments to be made by it on the dates and times herein specified, the Company may, on thirty

days written notice to the person designated by Discount Communications to receive notices of noncompliance, discontinue the provision of existing services to Discount Communications at any time thereafter. In the case of such discontinuance, all billed charges, as well as applicable termination charges, shall become due. If the Company does not discontinue the provision of the services involved on the date specified in the thirty days notice, and Discount Communications's noncompliance continues, nothing contained herein shall preclude the Company's right to discontinue the provision of the services to Discount Communications without further notice.

5. If payment is not received or arrangements made for payment by the date given in the written notification, Discount Communications's services will be discontinued. Upon discontinuance of service on a Discount Communications's account, service to Discount Communications's end users will be denied. The Company will also reestablish service at the request of the end user or Discount Communications upon payment of the appropriate connection fee and subject to the Company's normal application procedures. Discount Communications is solely responsible for notifying the end user of the proposed disconnection of the service.
6. If within fifteen days after an end user's service has been denied no contact has been made in reference to restoring service, the end user's service will be disconnected.

IX. Liability

- A. The liability of the Company for damages arising out of mistakes, omissions, interruptions, preemptions, delays errors or defects in transmission, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service or other facilities and not caused by the negligence of Discount Communications, or of the Company in failing to maintain proper standards of maintenance and operation and to exercise reasonable supervision shall in no event exceed an amount equivalent to the proportionate charge to Discount Communications for the period of service during which such mistake, omission, interruption, preemption, delay, error or defect in transmission or defect or failure in facilities occur. The Company shall not be liable for damage arising out of mistakes, omission, interruptions, preemptions, delays, errors or defects in transmission or other injury, including but not limited to injuries to persons or property from voltages or currents transmitted over the service of the Company, (1) caused by customer-provided equipment (except where a contributing cause is the malfunctioning of a Company-provided connecting arrangement, in which event the liability of the Company shall not exceed an amount equal to a proportional amount of the Company billing for the period of service during which such mistake, omission, interruption, preemption, delay, error, defect in transmission or injury occurs), or (2) not prevented by customer-provided equipment but which would have been prevented had Company-provided equipment been used.
- B. The Company shall be indemnified and saved harmless by Discount Communications against any and all claims, actions, causes of action, damages, liabilities, or demands (including the costs, expenses and reasonable attorneys' fees, on account thereof) of whatever kind or nature that may be made by any third party as a result of the Company's furnishing of service to Discount Communications.
- C. The Company shall be indemnified, defended and held harmless by Discount Communications and/or the end user against any claim, loss or damage arising from the use of services offered for resale involving:
 1. Claims for libel, slander, invasion of privacy or infringement of copyright arising from Discount Communications's or end user's own communications.
 2. Claims for patent infringement arising from acts combining or using Company services in connection with facilities or equipment furnished by the end user or Discount Communications.

3. All other claims arising out of an act or omission of Discount Communications or its end user in the course of using services.
- D. Discount Communications accepts responsibility for providing access for maintenance purposes of any service resold under the provisions of this Tariff. The Company shall not be responsible for any failure on the part of Discount Communications with respect to any end user of Discount Communications.

X. Treatment of Proprietary and Confidential Information

- A. Both parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including trade secret information, including but not limited to, technical and business plans, technical information, proposals, specifications, drawings, procedures, customer account data and like information (hereinafter collectively referred to as "Information"). Both parties agree that all Information shall either be in writing or other tangible format and clearly marked with a confidential, private or proprietary legend, or, when the Information is communicated orally, it shall also be communicated that the Information is confidential, private or proprietary. The Information will be returned to the owner within a reasonable time. Both parties agree that the Information shall not be copied or reproduced in any form. Both parties agree to receive such Information and not disclose such Information. Both parties agree to protect the Information received from distribution, disclosure or dissemination to anyone except employees of the parties with a need to know such Information and which employees agree to be bound by the terms of this Section. Both parties will use the same standard of care to protect Information received as they would use to protect their own confidential and proprietary Information.
- B. Notwithstanding the foregoing, both parties agree that there will be no obligation to protect any portion of the Information that is either: 1) made publicly available by the owner of the Information or lawfully disclosed by a nonparty to this Agreement; 2) lawfully obtained from any source other than the owner of the Information; or 3) previously known to the receiving party without an obligation to keep it confidential.

XI. Resolution of Disputes

Except as otherwise stated in this Agreement, the parties agree that if any dispute arises as to the interpretation of any provision of this Agreement or as to the proper implementation of this Agreement, the parties will petition the applicable state Public Service Commission for a resolution of the dispute. However, each party reserves any rights it may have to seek judicial review of any ruling made by that Public Service Commission concerning this Agreement.

XII. Limitation of Use

The parties agree that this Agreement shall not be proffered by either party in another jurisdiction as evidence of any concession or as a waiver of any position taken by the other party in that jurisdiction or for any other purpose.

XIII. Waivers

Any failure by either party to insist upon the strict performance by the other party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of this Agreement, and each party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

XIV. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia, without regard to its conflict of laws principles.

XV. Arm's Length Negotiations

This Agreement was executed after arm's length negotiations between the undersigned parties and reflects the conclusion of the undersigned that this Agreement is in the best interests of all parties.

XVI. Notices

- A. Every notice, consent, approval, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered in person or given by postage prepaid mail, address to:

BellSouth Telecommunications, Inc.
CLEC Account Team
3535 Colonnade Parkway
Room E4E1
Birmingham, AL 35243

Discount Communications
6647 Steeplechase Circle
Memphis, TN 38141

or at such other address as the intended recipient previously shall have designated by written notice to the other party.

- B. Where specifically required, notices shall be by certified or registered mail. Unless otherwise provided in this Agreement, notice by mail shall be effective on the date it is officially recorded as delivered by return receipt or equivalent, and in the absence of such record of delivery, it shall be presumed to have been delivered the fifth day, or next business day after the fifth day, after it was deposited in the mails.

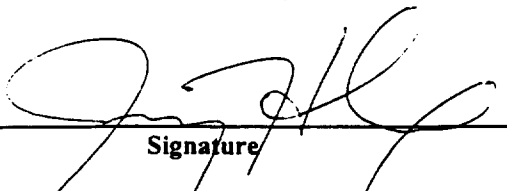
XVII. Amendments

This Agreement may be amended at any time upon written agreement of both parties.

XVIII. Entire Agreement

This Agreement sets forth the entire understanding and supersedes prior agreements between the parties relating to the subject matter contained herein and merges all prior discussions between them, and neither party shall be bound by any definition, condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the party to be bound thereby.

BellSouth Telecommunications, Inc.

BY: 
Signature

NAME: Jerry Hendrix

TITLE: Director

DATE: 2/13/98

Discount Communications

BY: 
Signature

NAME: Edward Haves

TITLE: Owner

DATE: 3/12/98

EXHIBIT "A"

APPLICABLE DISCOUNTS

The telecommunications services available for purchase by Discount Communications for the purposes of resale to Discount Communications end users shall be available at the following discount off of the retail rate.

<u>DISCOUNT</u>		
<u>STATE</u>	<u>RESIDENCE</u>	<u>BUSINESS</u>
ALABAMA	17%	17%
FLORIDA	21.83%	16.81%
GEORGIA	20.3%	17.3%
KENTUCKY	16.79%	15.54%
LOUISIANA*	20.72%	20.72%
MISSISSIPPI	15.75%	15.75%
NORTH CAROLINA	21.5%	17.6%
SOUTH CAROLINA	14.8%	14.8%
TENNESSEE**	16%	16%

* Effective as of the Commission's Order in Louisiana Docket No. U-22020 dated November 12, 1996.

** The Wholesale Discount is set as a percentage off the tariffed rates. If OLEC provides its own operator services and directory services, the discount shall be 21.56%. These rates are effective as of the Tennessee Regulatory Authority's Order in Tennessee Docket No. 90-01331 dated January 17, 1997.

EXHIBIT B

Type of Service	AL		FL		GA		KY		LA	
	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?
1 Grandfathered Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2 Contract Service Arrangements	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Note 5	Note 5
3 Promotions - > 90 Days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4 Promotions - < 90 Days	Yes	No	Yes	No	Yes	No	No	No	Yes	No
5 Lifeline/Link Up Services	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
6 911/E911 Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
7 N11 Services	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
8 AdWatch SM (See Note 8)	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
9 MemoryCall [®]	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
10 Mobile Services	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
11 Federal Subscriber Line Charges	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
12 Non-Recurring Charges	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Type of Service	MS		NC		SC		TN	
	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?	Resale?	Discount?
1 Grandfathered Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2 Contract Service Arrangements	Note 5	Note 5	Note 6	Note 6	Yes	No	Yes	Yes
3 Promotions - > 90 Days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Note 3
4 Promotions - < 90 Days	Yes	No	No	No	Yes	No	No	No
5 Lifeline/Link Up Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Note 4
6 911/E911 Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7 N11 Services	No	No	No	No	Yes	Yes	Yes	Yes
8 AdWatch SM (See Note 8)	Yes	No	Yes	No	Yes	No	Yes	No
9 MemoryCall [®]	Yes	No	Yes	No	Yes	No	Yes	No
10 Mobile Services	Yes	No	Yes	No	Yes	No	Yes	No
11 Federal Subscriber Line Charges	Yes	No	Yes	No	Yes	No	Yes	No
12 Non-Recurring Charges	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

Additional Comments:

- 1 Grandfathered services can be resold only to existing subscribers of the grandfathered service.
- 2 Where available for resale, promotions will be made available only to end users who would have qualified for the promotion had it been provided by BellSouth directly.
- 3 In Tennessee, long-term promotions (offered for more than ninety (90) days) may be obtained at one of the following rates:
 - (a) the stated tariff rate, less the wholesale discount;
 - (b) the promotional rate (the promotional rate offered by BellSouth will not be discounted further by the wholesale discount rate)
- 4 Lifeline/Link Up services may be offered only to those subscribers who meet the criteria that BellSouth currently applies to subscribers of these services. In Tennessee, Discount Communications shall purchase BellSouth's Message Rate Service at the stated tariff rate, less the wholesale discount. Discount Communications must further discount the wholesale Message Rate Service to LifeLine customers with a discount which is no less than the minimum discount that BellSouth now provides. Discount Communications is responsible for recovering the Subscriber Line Charge from the National Exchange Carriers Association interstate toll settlement pool just as BellSouth does today. The maximum rate that Discount Communications may charge for LifeLine Service shall be capped at the flat retail rate offered by BellSouth.
- 5 In Louisiana and Mississippi, all Contract Service Arrangements entered into by BellSouth or terminating after the effective date of the Commission Order will be subject to resale without the wholesale discount. All CSAs which are in place as of the effective date of the Commission order will not be eligible for resale.
- 6 In North Carolina, Contract Service Arrangements entered into by BellSouth before April 15, 1997, shall be subject to resale at no discount, while BellSouth CSAs entered into after that date shall be subject to resale with the discount.
- 7 Some of BellSouth's local exchange and toll telecommunications services are not available in certain central offices and areas.
- 8 AdWatchSM is tariffed as BellSouth[®] AIN Virtual Number Call Detail Service

EXHIBIT 2

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

IN RE: COMPLAINT OF DISCOUNT)
COMMUNICATIONS, INC.) Docket No. 00-00230
AGAINST BELL SOUTH)
TELECOMMUNICATIONS, INC.)

PRELIMINARY ISSUES LIST OF DISCOUNT COMMUNICATIONS

The following is a preliminary list of issues to be resolved in the above-captioned proceeding. Additional issues may develop through discovery, the filing of pre-hearing briefs, and the hearing itself.

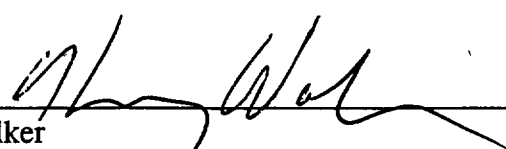
1. Whether BellSouth has properly charged, and may continue to charge, Discount Communications for directory assistance.
2. Whether BellSouth has properly credited Discount Communications for providing service to Lifeline customers and how BellSouth will provide such credits in the future.
3. Whether BellSouth has properly credited Discount Communications for providing service to Link Up customers and how BellSouth will provide such credits in the future.
4. Whether BellSouth has engaged in a pattern of anti-competitive activity toward Discount Communications, as evidenced by the three matters described above and by other

incidents of anti-competitive behavior.

Respectfully submitted,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By: _____


Henry Walker
414 Union Street, Suite 1600
P.O. Box 198062
Nashville, Tennessee 37219
(615) 252-2363

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been forwarded via hand delivery, to Patrick Turner, Esq., BellSouth Telecommunications, Inc., 333 Commerce St. , Nashville, TN 37201-3300 on this the 31st day of March, 2000.



Henry Walker

EXHIBIT 3

Discount Communications

"Your Complete Telecommunications Provider"

Memphis, TN 38111
Phone... (901) 843-8770
Toll Free 888 389-6515
Fax... (901) 377-2806

RECEIVED
CONSUMER SERVICES DIVISION

FEB 22 2000

TN REGULATORY AUTHORITY

February 17, 2000

**To: Vivian Michael-Wilhoite
Tennessee Regulatory Authority**

Life-Line Directory Assistance Dispute:

The Tennessee Regulatory Authority requires BellSouth Telecommunication Inc. of Tennessee to give end-users six (6) directory assistance calls without charges and free directory assistance for those who qualify. Discount is requesting BellSouth to install a six- (6) call directory assistance limitation.

BellSouth can accomplish the six- (6) call directory assistance limitation with minimal changes to their LENS Ordering System. Instituting these changes to the Ordering System will allow the resellers to offer the end-user a greater variety of features.

Link-Up Dispute:

1. Discount Communication is requesting BellSouth Telecommunication Inc. of Tennessee to pass on Link-Up credits to Discount Communications or do not charge for the transfer of a Life-Line qualified end-user from an ILEC, CLEC or reseller who do not offer the Life-Line or Link-Up Program.
2. Discount Communication is requesting BellSouth Telecommunication Inc. of Tennessee to pass on the Link-Up credit or do not charge for the transfer of an existing Life-Line end-user when the end-user moves from one residence to another.

Discount Communications



**Edward Hayes
Owner**

EXHIBIT 4

Discount Communications

"Your Complete Telecommunications Provider"

3798 Park Ave
Memphis, TN 38111-4664
Phone... (901) 843-6070
Toll Free 888 589-6505
Fax... (901) 327-2809

March 3, 2000

To: Vivian Michael-Wilhoite
Consumer Services Division
Tennessee Regulatory Authority

* Addendum: 1

Addendum to Response #3- Directory Assistance

Discount Communications will entertain the following option:

1. Discount Communications is opting to provide and/or offer directory assistance to Discount's Customers directory assistance as referenced by the TRA (Tennessee Regulatory Authority) Order in Tennessee; docket no. 90-01331 dated January 17, 1997.

Correction to Response #3:

We are asking for these changes in directory assistance and the directory assistance charges be held in dispute until a workable solution is found.

Respectfully,



Edward Hayes
Owner

cc: John Ford, Senator, State of Tennessee
Melvin Malone, Chairman, TRA
Sara Kyle, Director, TRA
David Waddell, Executive Director, TRA
Joe Werner, Chief Telecom Division, TRA
Eddie Roberson, Chief, Consumer Services, TRA
Harold Ford Jr., Congressman

"Your Complete Telecommunications Provider"

EXHIBIT 5

Discount Communications

"Your Complete Telecommunications Provider"

3798 Park Ave
Memphis, TN 38111-4644
Phone... (901) 843-6070
Toll Free 888 389-6505
Fax... (901) 337-2809

Date: March 2, 2000

To: Vivian Michael- Wilhoite
Consumer Service Division
TN Regulatory Authority

This is a response to the response filed by BellSouth with the Tennessee Regulatory Authority (TRA) regarding the complaints filed by Discount Communications dated February 14, 2000 and February 22, 2000. This response will address all of the issues contained in the BellSouth response.

Response #1 \$10.50 - Life-line Credit

Discount Communications is a certified reseller. We are certified by the Tennessee Regulatory (TRA). Discount Communications and BellSouth have executed an agreement that authorizes Discount Communications to purchase telecommunications services at a 16% discount from BellSouth for the purpose of reselling those services to the public. The executed agreement between BellSouth and Discount Communications was approved as part of the certification process by the Tennessee Regulatory Authority.

Discount Communications was required by its contractual agreement with BellSouth to go to the National Exchange Carrier Association (NECA) to recover Life-line and Link-up credits that were given to qualified Life-line and Link-up recipients by Discount Communications. After numerous discussions between Discount Communications and BellSouth and the Tennessee Regulatory Authority, it was ruled by the TRA that Discount Communications could not retrieve the Life-line and Link-up credits from the National Exchange Carrier Association because of regulations in the Federal Communication Commission (FCC) regulation covering resellers. It was then agreed that all eligible funding due to Discount Communications for participating in the Life-line and Link-up Programs must be administered through BellSouth.

The State of Tennessee requires that the Life-line eligible recipients receive \$10.50 in credits. Discount Communications passes the full \$10.50 credit to our Life-line customers. If it is assumed BellSouth is only responsible for retrieving the \$7.00 credit through NECA and this is all that is received from NECA for the Life-line customers, then Discount Communications has been placed in a confusing position that must be cleared up. It is Discount Communications' position either BellSouth is responsible for all funding passed through or none. Discount Communications is caught in a Catch-22 - we have passed on the Life-line credits and now BellSouth is demanding that we pay again. Discount Communications does not possess the authority to recover the \$3.50. Only BellSouth and the TRA have this ability.

Response #2 - Link-up Credit

"Your Complete Telecommunications Provider"

Discount Communications

"Your Complete Telecommunications Provider"

3788 Park Ave
Memphis, TN 38111-4681
Phone... (901) 843-6070
Toll Free 888 589-6303
Fax... (901) 327-2819

Discount Communications believes that BellSouth is responsible for obtaining from NECA and passing on to Discount Communications the Link-up credits that Discount Communications gives to customers who qualify for the Link-up Program. It is BellSouth's position that they can only recover 50% of what BellSouth charges Discount Communications for processing fees. In Tennessee, BellSouth does not give the Reseller Discount of 16% of items that are referred to as non-recurring. Because no discount is given, Discount Communications is charged the same amount for non-recurring items as BellSouth customers. Discount Communications also incurs another charge for processing a customer. This is a \$3.50 fee for using the LENS Ordering System. These charges for processing a customer who is qualified for the Link-up Program amount to \$45.00. Discount Communications charges \$59.99 for processing changes. Under the Link-up Program, qualified Link-up customers pay \$30.00; Discount Communications requests BellSouth to retrieve the other \$30.00 from NECA. BellSouth needs \$45.00 to process Discount customers; however, they only want to pass on \$20.75 credit from NECA to Discount. BellSouth is asking Discount Communications to do something that they are not doing with their customers - that is to supplement the Link-up customers and not recover our processing cost which is not as expensive as BellSouth. Discount Communications is only charging \$14.00 above our cost to process our customers. We are asking the TRA to require that these credits be passed on.

Response #3 - Directory Assistance

Discount Communications believes BellSouth's response to this Directory Assistance complaint is not adequate and instigates that Discount Communications is just recently bringing this concern and dispute to their attention. Discount Communications met with senior personnel from BellSouth about this directory assistance dispute and other billing disputes. Discount Communications began giving BellSouth directory assistance disputes in September. Discount Communications believes that BellSouth has the technical knowledge to develop a suitable solution to this problem. Discount Communications' position is that the remedy we are prescribing not only benefits Discount Communications but every customer in Tennessee. Discount Communications has kept records on the number of our customers that use more than the six (6) free calls. Our records indicate that 35% to 47% of our customers use more than the six (6) free calls. Discount Communications will provide these records if the TRA wishes to review them. We are asking for these changes in directory assistance and that these changes be in dispute until a workable solution is found.

Response #4 - Billing of Charges and Credits

Discount Communications has been working with BellSouth for over fifteen (15) months to resolve the disputes with the system mechanism that BellSouth has in place. We have filed over 20,000 disputes on individual accounts. Discount Communications has spent numerous man-hours preparing these disputes and checking to make sure our disputes are not frivolous. Discount Communications vehemently disagrees with BellSouth over the statement that we have "arbitrarily withheld payment." All withheld funds were supported with the correct dispute procedure.

"Your Complete Telecommunications Provider"

Discount Communications

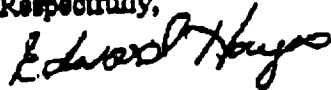
"Your Complete Telecommunications Provider"

3793 Park Ave
Memphis, TN 38111-4684
Phone... (901) 843-6070
Toll Free 888 389-6503
Fax... (901) 327-2809

Discount Communications disagrees with BellSouth's premise that Discount Communications failed to go through proper channels when asking for payment arrangements. We used proper channels until it appeared that an effort was in progress to put Discount Communications out of business. I hope and pray that Discount Communications is wrong about our perceived notions. If we are wrong, we will gladly apologize.

Discount Communications is ready and willing to find a way to resolve these complaints and to get on with what we are doing. Discount Communications feels that through the Life-line and Link-up Programs, 1,000 citizens of Tennessee are receiving a service that was not previously available to them. Due to short response time, Discount Communications requests the ability to make additions to the record even after staff recommendations have been made.

Respectfully,



Edward Haycs
Owner

cc: John Ford, Senator, State of Tennessee
Melvin Malone, Chairman, TRA
Sara Kyle, Director, TRA
David Waddell, Executive Director, TRA
Joe Werner, Chief, Telecom Division, TRA
Eddie Roberson, Chief, Consumer Services, TRA
Harold Ford Jr., Congressman

EXHIBIT 6

DISCOUNT COMMUNICATIONS

3708 PARK AVE
MEMPHIS, TN 38111
TEL # 901.843.6070
FAX # 901.327.2809

RECEIVED

FEB 11 2000

SARA KYLE, COMMISSIONER
TN PUBLIC SERVICE COMM.

FACSIMILE TRANSMITTAL SHEET

TO: CHAIRMAN MALONE FROM: DISCOUNT COMM Ed Hayes
COMMISSIONER SARA KYLE TNN GRAD
DATE: FEB 11 2000
COMPANY: MR. DAVID WADDELL
TRA (EXECUTIVE SECRETARY)
FAX NUMBER: 1-615-741-5015
TOTAL NO. OF PAGES INCLUDING COVER: 4
PHONE NUMBER: SENDER'S REFERENCE NUMBER:
RE: YOUR REFERENCE NUMBER:

☒ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Enclosed ; a copy of the formal complaint
filed against Bell South Telecommunication
Inc. of Tennessee. for failure to pass on
Life-line credits to Discount Communications
Mr. Commissioners Discount has been fighting
this issue for a year and because of Bell
South failure to abide by the tariff we are
requesting IMMEDIATE ACTION and if Bell Sou
is found negligent to apply a penalty.
Discount is being affect very negatively financially.

(CLICK HERE AND TYPE RETURN ADDRESS)

EXHIBIT 7

Discount Communications

"Your Complete Telecommunications Provider"

3798 Park Ave
Memphis, TN 38111-4684
Phone... (901) 843-6070
Toll Free 888 389-6505
Fax... (901) 337-2808

February 11, 2000

Mr. Eddie Robinson, Director of Consumer Affairs
460 James Robertson Pkwy
Nashville, TN 37243

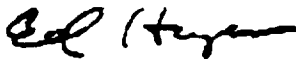
Mr. Eddie Robinson,

Discount Communications is filing a formal complaint against BellSouth Telecommunication Inc. of Tennessee for failure to pass the required \$10.50 to certified Life-Line customers in Tennessee.

Discount Communications is a reseller in Tennessee, we have over nine hundred (900) customers on our records that currently qualify for the Life-Line program. We pass the full \$10.50 to these customers. BellSouth is only crediting Discount Communications with \$7.00 in adjustments. Discount Communications does not have the authority to be reimbursed through the National Exchange Carrier Association (NECA). BellSouth is responsible for passing the full \$10.50 credit on to Discount Communications.

Attached is a copy of the tariff submitted by BellSouth, October 8, 1999.

Respectfully,



Edward M. Hayes, Owner

"Your Complete Telecommunications Provider"

**BELLSOUTH
TELECOMMUNICATIONS, INC.
TENNESSEE**

ISSUED: October 8, 1999
BY: President - Tennessee
Nashville, Tennessee

GENERAL SUBSCRIBER SERVICE/TARIFF

Fourth Revised Page 73
Consolidated Revised Page 73

EFFECTIVE: November 8, 1999

A3. BASIC LOCAL EXCHANGE SERVICE

A3.31 Lifeline

A3.31.1 Description of Service

- A. The Lifeline program is designed to increase the availability of telecommunications services to low income subscribers by providing a credit to monthly recurring local service to qualifying residential subscribers. Basic terms and conditions are in compliance with the FCC's Order on Universal Service in FCC 97-117, which adopts the Federal-State Joint Board's recommendation in CC Docket 96-43, which complies with the Telecommunications Act of 1996. Specific terms and conditions are as prescribed by the Tennessee Regulatory Authority and are set forth in this tariff.
- B. Lifeline is supported by the federal universal service support mechanism.
- C. Federal baseline support of \$3.25 is available for each Lifeline service and is passed through to the subscriber. An additional \$1.90 credit is provided by the Company. Supplemental federal support of \$1.75, matching one half of the Company contribution, will also be passed along to the Lifeline subscriber. The total Lifeline credit available to an eligible customer in Tennessee is \$10.90. The amount of credit will not exceed the charge for local service, which includes the access line, Touch-Tone, the Subscriber Line Charge and local usage. (C)

A3.31.2 Regulations

A. General

1. Customers eligible under the Lifeline program are also eligible for connection assistance under the Link-Up program.
2. One low income credit is available per household and is applicable to the primary residential connection only. The named subscriber must be a current recipient of any of the low income assistance programs identified in B. following. (F)
3. A Lifeline customer may participate in the current capped message rate Lifeline plan (USOC T.M.R.) or any local service offering available to other residence customers. Since the Lifeline credit is applicable to the primary residential connection only, it may not be applied to a multiple line package local service offering.
4. Toll blocking, if elected, will be provided at no charge to the Lifeline subscriber.
5. The deposit requirement is not applicable to a Lifeline customer who subscribes to toll blocking. If a Lifeline customer removes toll blocking prior to establishing an acceptable credit history, a deposit may be required. When applicable, advance payments will not exceed the connection and local service charges for one month.
6. The PCCC will not be billed to Lifeline customers who subscribe to toll blocking and do not presubscribe to a long distance carrier.
7. A Lifeline subscriber's local service will not be disconnected for non-payment of regulated toll charges. Local service may be denied for non-payment of local service in accordance with Section A2. Access to toll service may be denied for non-payment of regulated tolls. A Lifeline subscriber's request for reconnection of local service will not be denied if the service was previously denied for non-payment of toll charges. (F)
8. The non-discounted federal Lifeline credit amount will be passed along to resellers ordering local service at the prescribed resale discount from this Tariff, for their eligible end users. The additional credit to the end user will be the responsibility of the reseller. Eligible Telecommunications Carriers, as defined by the FCC, are required to establish their own Lifeline programs. (C)

B. Eligibility

1. To be eligible for a Lifeline credit, a customer must be a current recipient of any one of the following low income assistance programs.
 - a. Temporary Assistance to Needy Families (TANF), previously known as AFDC
 - b. Supplemental Security Income (SSI)
 - c. Food Stamps
 - d. Medicaid, as provided under TennCare
2. Additionally, a customer with total gross annual income that does not exceed 125% of the federal poverty income guidelines may apply directly to the Tennessee Regulatory Authority (TRA) for Lifeline eligibility certification.
3. All applications for service are subject to verification with the TRA or state agency responsible for administration of the qualifying program.

BELLSOUTH
TELECOMMUNICATIONS, INC.
TENNESSEE

ISSUED: October 8, 1999
BY: President - Tennessee
Nashville, Tennessee

GENERAL SUBSCRIBER SERVICES TARIFF

Sixth Revised Page 76
Consolidated Fifth Revised Page 76

EFFECTIVE: November 8, 1999

A3. BASIC LOCAL EXCHANGE SERVICE

A3.31 Lifeline (Cont'd)

A3.31.2 Regulations (Cont'd)

C. Certification

1. Proof of eligibility in any of the qualifying low income assistance programs should be provided to the Company at the time of application for service. The Lifeline credit will not be established until proof of eligibility has been received by the Company. If the customer requests installation prior to the Company's receipt of proof of eligibility, the requested service will be provided without the Lifeline credit. When eligibility documentation is provided subsequent to installation, the Lifeline credit will be provided on a going forward basis.
2. The Company reserves the right to periodically audit its records, working in conjunction with the appropriate state agencies, for the purpose of determining continuing eligibility. Information obtained during such audit will be treated as confidential information to the extent required under State and Federal laws. The use or disclosure of information concerning enrollees will be limited to purposes directly connected with the administration of the Lifeline plan.
3. When a customer is determined to be ineligible as a result of an audit, the Company will contact the customer. If the customer cannot provide eligibility documentation, the Lifeline credit will be discontinued.
4. Retailers providing Lifeline service from this tariff are responsible for determining proof of eligibility prior to requesting the service. Disclosure requirements described in 2. Preceding are applicable to retailers of Lifeline services. (M)

A3.31.3 Rates and Charges

A. General

1. Lifeline is provided as a monthly credit on the eligible residential subscriber's access line bill for local service.
 2. Service Charges in Section A4. are applicable for installing or changing Lifeline service.
 3. Link-Up connection assistance in Section A4. may be available for installing or relocating Lifeline service.
 4. The Secondary Service Charge in Section A4. is not applicable when existing service is converted intact to Lifeline.
- B. The total Lifeline credit consists of one federal credit plus one state credit.

(1) Federal credit

	Monthly Credit	USOC
(a) Temporary Assistance to Needy Families (TANF)	\$7.00	ASCFA
(b) Supplemental Security Income (SSI)	7.00	ASCPS
(c) Food Stamps	7.00	ASCFC
(d) Medicaid (under TennCare)	7.00	ASOSI
(e) TRA Certified	7.00	ASCFC
(2) State credit		
(a) One per Lifeline	3.50	CRA

EXHIBIT 8

TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman
Lynn Greer, Director
Sara Kyle, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

March 7, 2000

To: Robin Moore
BellSouth Executive Appeals

FROM: Vivian Michael-Wilhoite *vmw*
Tennessee Regulatory Authority

RE: Discount Communications, File Number 00-0227

Thank you for your February 25, 2000, response regarding concerns provided by Discount Communications ("Discount") in its complaint filed initially on February 14, 2000. In order for the Staff to adequately review this matter, I would appreciate your expeditious response to the following data request.

1. Does BellSouth offer a Directory Assistance ("DA") block to its customers? If so, please provide the charge for this service.
2. If you offer DA block, what other services does the DA block effect, if any? Please explain in detail.
3. What technical steps would Discount need to take in order to avail itself of the larger 21.56% discount listed on Exhibit A of the BellSouth/Discount Resale Agreement? Discount made a note on this exhibit in its response believing that the two-listed discount percentages indicate that BellSouth can offer a DA block. Please address this concern. (Reference Discount's response provided to BellSouth on March 6, 2000.)

According to your response, the Staff understands that a Federal Communication Commission's (FCC) decision is pending in regards to an issue surrounding Link-up credit for Discount. The Staff requests that BellSouth expand the pending request with the FCC to address the following concern:

4. Discount has requested that BellSouth offer a DA block per line after the first six free DA calls per month. Would such a block violate FCC rule 54.101(a)(8)? The attached rules set forth the supported services and rule 54.401 states that Lifeline encompasses these services.

5. According to A3.13.2 (A) Directory Assistance Service, BellSouth provides six (6) calls per billing period month without charge. Is this allowance considered in the aggregate for Discount, i.e. total resold lines multiplied by six (6)?
6. What is the per call rate that BellSouth charges Discount for DA?
7. Would the exemptions stated in A3.13.2 (B)(C) for elderly and disabled customers passed through to resellers such as Discount? If so, please explain in detail how BellSouth can administer this.

c: Ed Hayes, Discount Communications
Roger Knight, Telecom, TRA
Eddie Roberson, Consumer Services, TRA